

## MEDICAID REIMBURSEMENT

Districts and CESAs can receive payments from the Department of Health Services (DHS) for providing school-based services (SBS) to eligible students (more information is available at [http://sped.dpi.wi.gov/sped\\_subjects](http://sped.dpi.wi.gov/sped_subjects)). There are three types of payments processed by DHS:

- **Interim SBS payments** are paid based on claims submitted for direct services.
- **Medicaid Administrative Claim (MAC) payments** are intended to cover administrative overhead.
- **Cost settlement payments** are intended to resolve differences between submitted claims and final eligibility.

Federal regulations require that Medicaid-funded expenditures be excluded from IDEA Maintenance of Effort (MOE) determinations. Because MAC and cost settlement payments are not provided on a regular schedule, tied to specific services on specific dates, this has created problems in the past with districts' MOE.

**Beginning in fiscal year 2014**, MAC and cost settlement payments are coded to Fund 10. Only interim SBS payments are coded to Fund 27. SFS advises that districts and CESAs rely upon the online remittance advice for each payment until a satisfactory method for including payment information with checks is developed. Districts, vendors, and Medicaid administrators should submit SBS claims as timely as possible to ensure revenues are booked in the correct year.

- **District receives an interim SBS payment from DHS' Medicaid administrator for Medicaid-eligible services the district has provided pupils:**

Revenue entry to record SBS receipt:

ACCOUNT CODE	ITEM	ENTRY
27 B 711 000 000	CASH	DEBIT (INCREASE) FOR AMT RECEIVED
27 R 000 000 780	FEDERAL AID NOT FROM DPI	CREDIT (INCREASE) FOR AMT RECEIVED

- **District receives a MAC or cost settlement payment from DHS' Medicaid administrator:**

Revenue entry to record SBS receipt:

ACCOUNT CODE	ITEM	ENTRY
10 B 711 000 000	CASH	DEBIT (INCREASE) FOR AMT RECEIVED
10 R 000 000 780	FEDERAL AID NOT FROM DPI	CREDIT (INCREASE) FOR AMT RECEIVED

- **District receives SBS payments for services provided to another district's pupils:**

The coding is the same whether services are provided to the resident district's pupils or another district's. The district is not required to transit any revenue received for school based services provided to non-resident pupils. According to DHS it is difficult to ascertain how much reimbursement is received related to resident vs. non-resident students.

- **District receives a transmittal of an interim SBS payment from a CESA for Medicaid services provided district's pupils by the CESA:**

Receipt entry for the payment from CESA:

ACCOUNT CODE	ITEM	ENTRY
27 B 711 000 000	CASH	DEBIT (INCREASE) FOR AMT RECEIVED
27 R 000 000 581	INTERMEDIATE SOURCES	CREDIT (INCREASE) FOR AMT RECEIVED

- **District has interim SBS payments due it for services provided to pupils by a CESA which have not been transmitted to district or which will remain on deposit at the CESA and expended in the district's behalf:**

Journal entry to record a receivable for collected SBS amounts due district, but held by a CESA based on information received from the CESA:

ACCOUNT CODE	ITEM	ENTRY
27 B 715 000 000	DUE FROM OTHER GOVERNMENTS	DEBIT (INCREASE) FOR AMOUNT DUE
27 R 000 000 517	INTERMEDIATE SOURCES	CREDIT (INCREASE) FOR AMOUNT DUE

Receipt entry for a subsequent payment from a CESA for SBS payments due at June 30:

ACCOUNT CODE	ITEM	ENTRY
27 B 711 000 000	CASH	DEBIT (INCREASE) FOR AMT RECEIVED
27 B 715 000 000	DUE FROM OTHER GOVERNMENTS	CREDIT (DECREASE) FOR AMT RECEIVED

**NOTE:** Even is an exchange of SBS funds does not occur between the CESA and the district, the activity must be recorded on the ledger of both the CESA and the district. The CESA must notify the district of SBS payments received and use of such funds on the district's behalf in order to record the activity. Prior to closing its fiscal year records, the district should confirm with the CESA any retained balances or amounts due the district.

- **District receives a payment after an audit of previous years' claims by DHS finds the district has an amount owed from the State:**

Receipt entry for the payment from DHS:

ACCOUNT CODE	ITEM	ENTRY
10 B 711 000 000	CASH	DEBIT (INCREASE) FOR AMT RECEIVED
10 R 000 000 780	FEDERAL AID NOT FROM DPI	CREDIT (INCREASE) FOR AMT RECEIVED

- **District has received notification after an audit by DHS that they have an amount owed back to the State:**

If the amount owed back to the State is a refund of **an improper interim SBS payment in the current or prior year** then the refund is coded to Fund 27:

ACCOUNT CODE	ITEM	ENTRY
27 E 492 000 971 019	REFUND OF PRIOR YEAR REVENUE	DEBIT (INCREASE) FOR AMT DUE
27 B 813 000 000	DUE TO OTHER GOVERNMENTS	CREDIT (INCREASE) FOR AMT DUE

Otherwise, if the refund is for a MAC or cost settlement claim or for **an improper interim SBS payment in any year preceding the prior year**, the refund is coded to Fund 10:

ACCOUNT CODE	ITEM	ENTRY
10 E 492 000 971	REFUND OF PRIOR YEAR REVENUE	DEBIT (INCREASE) FOR AMT DUE
10 B 813 000 000	DUE TO OTHER GOVERNMENTS	CREDIT (INCREASE) FOR AMT DUE

- **DHS has withheld part or all of an SBS payment to recoup overpayments from previous years' claims:**

The full amount of revenues and expenditures must be recorded, not just the actual cash exchanged.

Entry for a reduced receipt from DHS:

ACCOUNT CODE	ITEM	ENTRY
27 B 711 000 000	CASH	DEBIT (INCREASE) FOR AMT RECEIVED
10 E 492 000 971	REFUND OF PRIOR YEAR REVENUE	DEBIT (INCREASE) FOR AMT WITHHELD
27 R 000 000 780	FEDERAL AID NOT FROM DPI	CREDIT (INCREASE) FOR AMT CLAIMED

Entry for a zero-dollar payment advice:

ACCOUNT CODE	ITEM	ENTRY
10 E 492 000 971	REFUND OF PRIOR YEAR REVENUE	DEBIT (INCREASE) FOR AMT WITHHELD
27 R 000 000 780	FEDERAL AID NOT FROM DPI	CREDIT (INCREASE) FOR AMT CLAIMED

**NOTE:** These examples omit the implied interfund transfer entries that would balance debits and credits separately in each fund. In this case, the requirement that Fund 27 may not carry a fund balance means that the year-end transfer will incorporate the implied reduction. For completeness' sake, these additional entries may be recorded as shown in the next example.

- **Assume the district submits SBS claims totaling \$1,000. DHS sends a check for \$250. The payment advice indicates that DHS withheld \$750 to recoup funds from a previous year.**

Entry for a reduced receipt from DHS, including the implied reduction in the interfund transfer:

ACCOUNT CODE	ITEM	ENTRY
<i>EXPLICIT ENTRIES</i>		
27 B 711 000 000	CASH	DEBIT (INCREASE) \$250.00
10 E 492 000 971	REFUND OF PRIOR YEAR REVENUE	DEBIT (INCREASE) \$750.00
27 R 000 000 780	FEDERAL AID NOT FROM DPI	CREDIT (INCREASE) \$1,000.00
<i>IMPLIED ENTRIES</i>		
10 E 411 000 827	INTERFUND TRANSFER	CREDIT (DECREASE) \$750.00
27 R 411 000 110	INTERFUND TRANSFER	DEBIT (DECREASE) \$750.00

**NOTE:** With the explicit and implied entries, debits and credits balance both for the entire transaction and within each fund.

- **DHS has applied a current year SBS payment to last year's outstanding liability from an audit of prior years' claims:**

Entry to record current year claims applied directly by DHS to outstanding liability that has already been recorded on your ledger:

ACCOUNT CODE	ITEM	ENTRY
10 B 813 000 000	REFUND OF PRIOR YEAR REVENUE	DEBIT (DECREASE) FOR AMT WITHHELD
27 R 000 000 780	MEDICAID SCHOOL BASED SERVICES	CREDIT (INCREASE) FOR AMT WITHHELD

**NOTE:** This entry assumes the liability was recorded in Fund 10 and omits the implied adjustment to the interfund transfer. If the liability was recorded in Fund 27 prior to the update, then account 27 B 813 000 000 would be used and the interfund transfer would not be affected.

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